

Ederer, Stefan; Hein, Eckhard; Niechoj, Torsten

## Article

# Editorial to the Special Issue

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*Special Issue*  
**Aspects of finance, instability, distribution  
and investment**

**Editorial to the Special Issue**

*Stefan Ederer\**, *Eckhard Hein\*\**, and *Torsten Niechoj\*\*\**

The financial and economic crises which started in 2007 have triggered and motivated increasing research on finance and the instability of the financial system but also on the relationship between finance, distribution and growth. This special issue discusses various, but related theoretical and empirical aspects of finance, instability, distribution and investment.

It starts with a contribution by *Fernando J. Cardim de Carvalho* contrasting the views of Keynes and Wicksell on investment and savings. The loanable funds theory, which in the paper is represented by Wicksell's position, is still the dominant approach. Keynes, however, argued that investment generates savings and not vice versa. Carvalho shows the eminent impact of this theoretical insight on the analysis of the investment process and the role of banks and finance. In the second article of this special issue, *Toichiro Asada* not only reconsiders the financial instability hypothesis of Hyman Minsky but gives a formal representation similar to an extended Lotka-Volterra predator-prey system, often used in evolutionary economics. Against the background of his model, effects of stabilising macroeconomic policies are derived. The next contribution by *Daniel Detzer* compares two policy instruments to tackle financial instability, asset-based reserve requirements and asset-based capital requirements. He concludes that in principle both instruments can reduce excessive asset price inflation but asset-based reserve requirements are the more predictable tool. *Philip Arestis*, *Ana Rosa González* and *Óscar Dejuán* model accumulation theoretically and empirically in the fourth article of this special issue. An accumulation function, based on the accelerator principle, is developed that is able to cover different kinds of uncertainty and the role of conventions. Moreover, they estimate the investment function for a panel of twelve OECD countries over the period of 1970 to 2010. The focus of the fifth contribution by *Peter Skott* and *Ben Zipperer* is again on investment. The authors compare three long-

\* Austrian Institute of Economic Research (WIFO), Austria.

\*\* Berlin School of Economics and Law, Germany.

\*\*\* Rhine-Waal University of Applied Sciences, Germany.

run post-Keynesian models – a Kaleckian, a Robinsonian and a Kaldorian. The empirical results they are presenting, based on US data, confirm the Kaldorian model. An article on endogenous income distribution within the Bhaduri-Marglin framework concludes the special issue. *Bernhard Schütz* endogenises functional income distribution which was assumed to be exogenous in the original model. He shows how this impacts on the conditions for wage- and profit-led regimes and their (in-)stability.

This special issue contains selected papers from the last conferences of the Research Network Macroeconomics and Macroeconomic Policies (FMM), in particular from the one on » From crisis to growth? The challenge of imbalances, debt, and limited resources«, held in Berlin, 28<sup>th</sup> to 29<sup>th</sup> October 2011. Readers, who are interested in a broader compilation of papers from this conference, we would like to refer to the conference proceedings, published as Volume 15 of the Series of the Research Network Macroeconomics and Macroeconomic Policies (Herr et al. 2012).

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#### *References*

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